

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00 SSO-00

USIE-00 INRE-00 PM-04 H-02 INR-07 L-03 NSC-05 PA-01

PRS-01 SP-02 SS-15 OMB-01 IO-13 EB-07 /071 W

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC IMMEDIATE 1767

INFO AMEMBASSY SEOUL

AMEMBASSY TAIPEI

AMCONSUL HONG KONG

USLO PEKING

CINCPAC HONOLULU HAWAII

COMUSJAPAN YOKOTA AB JAPAN

C O N F I D E N T I A L SECTION 1 OF 2 TOKYO 12657

CINCPAC FOR POLAD

E. O. 11652: GDS

TAGS: PINT, JA

SUBJ: ODDS SHIFT AGAINST MIKI

SUMMARY: THE WEEK JUST ENDING HAS SEEN THE STRUGGLE BETWEEN THOSE SUPPORTING PRIMIN MIKI AND THOSE TRYING TO OUST HIM MOVE FROM PRIVATE DEMANDS TO OPEN CONFRONTATION. ANTI-MIKI FORCES, LED BY DEPUTY PRIMIN FUKUDA, HAVE NOW COLLECTED THE SIGNATURES OF MORE THAN TWO-THIRDS OF ALL LDP DIET MEMBERS AND FOURTEEN OF NINETEEN CABINET MEMBERS (INCLUDING FUKUDA, FINMIN OHIRA AND FONMIN MIYAZAWA) IN SUPPORT OF A CAUCUS OF LDP DIET MEMBERS CERTAIN TO BE HIGHLY CRITICAL OF MIKI.

ALL THINGS CONSIDERED, WE BELIEVE THE ODDS HAVE NOW SHIFTED AGAINST MIKI'S CONTINUING IN OFFICE THROUGH A GENERAL ELECTION. DURING THE COURSE OF ONGOING BARGAINING SESSIONS, A DECISION ON MIKI'S

RESIGNATION COULD COME AS EARLY AS NEXT WEEK, BUT THE TIMING OF HIS STEPPING DOWN IS LESS CLEAR. THERE REMAINS A POSSIBILITY, HOWEVER, CONFIDENTIAL

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THAT MIKI WILL REFUSE TO COMPROMISE AND, SUMMONING ALL HIS AUTHORITY

AS PRIMIN, CONVENE A DIET SESSION AND IMMEDIATELY DISSOLVE IT.

THE POSSIBILITY OF A SUCCESSFUL CHALLENGE TO MIKI AND THE EMERGENCE OF FUKUDA AS THE ALMOST CERTAIN SUCCESSOR ARE DIRECTLY RELATED TO MIKI'S HANDLING OF LOCKHEED, ALTHOUGH SUBSTANTIAL OPPOSITION TO HIM WITHIN THE LDP LONG PRE-DATES THAT SCANDAL. PARADOXICALLY, POPULAR SUPPORT FOR MIKI AND HIS HANDLING OF LOCKHEED REMAINS HIGH. THUS A SUCCESSFUL OUSTER EFFORT WITHOUT ANY OBVIOUS PUBLIC REASON IS ALMOST CERTAIN TO CREATE SERIOUS IMAGE PROBLEMS FOR THE LDP. IT IS FOR THIS REASON, AS MUCH AS MIKI'S DEFENSIVE TACTICS, THAT WE EXPECT FUKUDA TO MAKE EVERY EFFORT TO NEGOTIATE A GRACEFUL MIKI EXIT. END SUMMARY.

1. DURING WEEK TIDE OF DISCONTENT AIMED AT PRIMIN MIKI SWELLED, GAINED MOMENTUM, AND ENDED IN OPEN CONFRONTATION BETWEEN MIKI AND BULK OF RULING LDP -- AND CABINET.

2. EARLY IN WEEK EVENTS APPEARED MORE FAVORABLE TO MIKI THAN HAD BEEN ANTICIPATED. TANAKA'S INDICTMENT WAS PUBLIC-RELATIONS PLUS. CRITICISM OF MIKI WAS MUTED IN MEETINGS OF PARTY SENIORS AND PREFECTURAL SECGENS. MOST IMPORTANT, POPULAR SUSPICIONS CONCERNING MIKI ALLY (AND LDP SECGEN) NAKASONE DISSIPATED A BIT WHEN A JUSTICE MINISTRY OFFICIAL SAID HE DID NOT BELIEVE NAKASONE WAS UNDER INVESTIGATION, AND TWO ALLEGED NAKASONE OFFICE RECEIPTS MADE OUT TO A KODAMA SECRETARY PROVED TO BE BOGUS AS NAKASONE CLAIMED.

3. BUT FROM MID-WEEK, COURSE OF EVENTS PUT MIKI INCREASINGLY ON DEFENSIVE. THERE WERE CAT CALLS AND JEERS DURING HIS AUGUST 18 SPEECH TO NATIONWIDE LDP REPRESENTATIVES AND LATE WEEK MEETINGS OF DIET MEMBERS SAW SHARP AND OPEN CONFRONTATION. ANTI-MIKI FORCES ALSO HELD A HIGHLY PUBLICIZED WAR COUNCIL OF SENIOR LDP LEADERS REPRESENTING ALL LDP FACTIONS EXCEPT THOSE OF MIKI AND NAKASONE.

4. MOST THREATENING, HOWEVER, WAS A PETITION DEMAND BY MIKI OPPONENTS FOR A CONSERVATIVE PARTY CAUCUS, ALMOST CERTAIN TO BE HIGHLY CRITICAL OF MIKI, OF ALL LDP UPPER AND LOWER HOUSE MEMBERS. RUNNING ALONG STRICTLY FACTIONAL LINES, MORE THAN TWO-THIRDS OF LDP DIET MEMBERS IN BOTH HOUSES AND FOURTEEN OF NINETEEN CABINET MEMBERS, INCLUDING DEPUTY PRIMIN FUKUDA, FINMIN OHIRA AND FONMIN MIYAZAWA, HAVE SIGNED THE PETITION. THIS IS SIGNIFICANT BECAUSE, ACCORDING TO LDP REGULATIONS, DIET CAUCUS CAN ACT IN LIEU OF PARTY CONVENTION

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IN EMERGENCY CIRCUMSTANCES. IT WAS, IN FACT, THE DECISION OF A PARTY CAUCUS (LATER RATIFIED BY LDP CONVENTION) THAT BROUGHT MIKI TO POWER.

5. IF MAINLY TO STRENGTHEN THEIR BARGAINING POSITIONS, BOTH SIDES APPEAR DETERMINED TO PUSH CONFRONTATION TO LAST POSSIBLE DITCH. FUKUDA FORCES SAY THEY WILL PRESENT A MIKI NON-CONFIDENCE MOTION AT THE CAUCUS. IF MIKI CHOOSES TO IGNORE IT, NEXT STEP WOULD BE

CABINET RESIGNATIONS AIMED AT TOPPLING HIM. FOR HIS PART, MIKI
INSISTS ON CONVENING DIET WITHIN THIS MONTH TO PASS PENDING FIN-
ANCIAL BILLS, THEN ON DISSOLVING LOWER HOUSE AND HOLDING A GENERAL
ELECTION, WHICH HE NOW DESCRIBES AS LOCKHEED'S "POLITICAL CONCLUSION.

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C O N F I D E N T I A L SECTION 2 OF 2 TOKYO 12657

CINCPAC FOR POLAD

6. ALL OF THESE THREATS, COUNTERTHREATS AND MEETINGS SERVE AS A
BACKDROP FOR CONTINUING BARGAINING SESSIONS BETWEEN MIKI AND HIS
PRINCIPAL OPPONENTS, FUKUDA AND OHIRA. MIKI MET WITH EACH AUGUST 17,
BUT THE SESSIONS ENDED, AS EXPECTED, WITHOUT AGREEMENT. A THIRD
ROUND IS SCHEDULED FOR THE NEXT DAY OR SO, WITH ADDITIONAL ROUNDS
ALMOST CERTAIN.

7. ALTHOUGH MIKI CONTINUES TO RETAIN IMPORTANT ADVANTAGES AS AN
INCUMBENT PRIME MINISTER, WE BELIEVE THE ODDS HAVE NOW SHIFTED
AGAINST HIM, MAKING IT UNLIKELY THAT HE WILL RETAIN POWER THOROUGH
A GENERAL ELECTION. MOREOVER, THE DECISION THAT MIKI WILL STEP DOWN
COULD COME AS EARLY AS NEXT WEEK (OF AUGUST 23). THE TIMING AND CON-

DITIONS OF HIS RESIGNATION ARE LESS CLEAR BECAUSE THAT IS WHAT THE ANTI-MIKI FORCES DEMAND WOULD BE MOST HUMILIATING TO MIKI. ALTHOUGH MANY IMPARTIAL OBSERVERS CONTINUE TO BELIEVE IT LIKELY, MIKI'S RESIGNATION AFTER A GENERAL ELECTION IS DIFFICULT TO ACCEPT FOR FUKUDA: IT WOULD DISAPPOINT HIS SUPPORTERS -- MANY FOR THE SECOND TIME -- AND OPEN UP THE POSSIBILITY OF MIKI'S REFUSING TO STEP DOWN
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IF THE LDP PERFORMED CREDITABLY. CASTING ABOUT FOR COMPROMISE, SOME SUGGEST THAT MIKI MIGHT QUIT "AFTER" LOCKHEED, SAY, IN EARLY TO MID-SEPTEMBER.

8. REGARDLESS OF MODALITIES, A FUKUDA SUCCESSION APPEARS ALMOST CERTAIN. IF HE TAKES OFFICE BEFORE AN ELECTION, HIS FIRST STEP WOULD BE TO ORGANIZE A CABINET. HE WOULD THEN, PRESUMABLY, CALL AN EXTRAORDINARY DIET SESSION TO PASS THE FINANCIAL BILLS. DISSOLUTION AND A GENERAL ELECTION WOULD COME AS LATE AS POSSIBLE, IN NOVEMBER OF EARLY DECEMBER -- OR CONCEIVABLY EVEN IN EARLY JANUARY. ON THE OTHER HAND, IF MIKI, CONTRARY TO OUR EXPECTATIONS, PERSISTED IN HIS PLAN TO DISSOLVE THE DIET AND HOLD A GENERAL ELECTION HIMSELF, DISSOLUTION WOULD ALMOST SURELY COME AT THE OUTSET OF AN EXTRAORDINARY DIET SESSION CONVENED IN LATE AUGUST OR EARLY SEPTEMBER WITH A GENERAL ELECTION THIRTY TO FORTY DAYS LATER.

9. EVENTS OVER THE PAST WEEK RAISE THE QUESTION OF WHY THE PRESENT CHALLENGE APPEARS LIKELY TO SUCCEED WHILE A SIMILAR ONE JUST THREE MONTHS AGO FAILED. THE SHORT ANSWER IS THAT FUKUDA AND HIS FACTION MEMBERS JOINED THE CHALLENGERS. BUT HIS WILLINGNESS TO DO SO IS TRACEABLE TO EVENTS STEMMING FROM TANAKA'S ARREST. SINCE TANAKA WAS THE MAIN OBJECT OF LOCKHEED INTEREST, THE PUBLIC/MEDIA CHARGE OF LOCKHEED "COVER-UP" BECAME MUCH LESS LIKELY AFTER TANAKA WAS PICKED UP. (THERE MAY YET BE CHARGES OF PREMATURE TERMINATION OF THE LOCKHEED INVESTIGATION IF MIKI IS OUSTED SOON, BUT WE BELIEVE THESE WOULD BE MODEST COMPARED TO THE EARLIER OUTCRY.) CRUCIAL TO FUKUDA'S DECISION, HOWEVER, WERE THE CHANGED LDP DYNAMICS. TANAKA'S FALL ELIMINATED HIS MAIN OBSTACLE, TRANSFORMED OHIRA FROM RIVAL TO ALLY AND CONFIRMED FUKUDA AS THE OBVIOUS SUCCESSOR TO MIKI. WITH AN AGREED UPON SUCCESSOR, THE BULK OF THE PARTY WAS ABLE TO UNITE AT LAST UNDER THE FUKUDA BANNER.

10. DESPITE THEIR INCREASING SUCCESS, HOWEVER, THE CHALLENGERS STILL LACK AN OBVIOUS REASON FOR OUSTING MIKI. IN FACT, OF COURSE, REASONS DO EXIST. BASED ON LONG BUILDING UNHAPPINESS WITH MIKI IN THE LDP AND BUSINESS COMMUNITY, THEY BY-AND-LARGE PRE-DATE THE LOCKHEED SCANDAL. BUT THE LATEST MIKI OUSTER EFFORTS WERE PRECIPITATED BY MIKI'S INSISTENCE ON LOCKHEED INFORMATION FROM US AND HIS PERCEIVED UNWILLINGNESS TO INTERVENE IN THE LOCKHEED INVESTIGATION ON BEHALF OF TANAKA AND PRESUMABLY OTHER CONSERVATIVE POLITICIANS YET TO COME. BUT NONE OF THIS CAN BE EXPRESSED PUBLICLY AND THUS THE CURRENT MIKI
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CHALLENGE IS SEEN BY OUTSIDERS AND THE PUBLIC AS A POWER STRUGGLE
AMONG LDP FACTIONS PROCEEDING WITHOUT REGARD TO BROADER NATIONAL CON-
CERNS. IN THESE CIRCUMSTANCES, A FINAL PUBLIC SHOWDOWN WITH MIKI IS
LIKELY TO CREATE A CONSERVATIVE IMAGE PROBLEM OF SERIOUS PROPORTIONS.
IT IS PERHAPS FOR THIS REASON, AS MUCH AS MIKI'S DEFENSIVE STRATEGY,
THAT WE EXPECT FUKUDA TO DO HIS BEST TO NEGOTIATE A GRACEFUL MIKI
EXIT.
SHOESMITH

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